

ALVORD AND ALVORD

ATTORNEYS AT LAW

918 SIXTEENTH STREET, N.W.

SUITE 200

WASHINGTON, D.C.

20006-2973

(202) 393-2266

FAX (202) 393-2156

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

RECORDATION NO.

22005
FILED

IAN 29 '99

11-30AM

OF COUNSEL
URBAN A. LESTER

January 29, 1999

RECORDATION NO.

22005-A
FILED

IAN 29 '99

11-30AM

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Loan Agreement and Security Agreement, dated as of January 27, 1999, a primary document as defined in the Board's Rules for the Recordation of Documents, and a Memorandum of Full Recourse Assignment Agreement, dated January 27, 1999, a secondary document related thereto.

The names and addresses of the parties to the enclosed documents are:

Borrower/ Assignor: LLX Rail, Inc.
1200 South State Street
Chicago Heights, Illinois 60411

Secured Party/ Assignee: Charter Financial, Inc.
153 East 53rd Street
New York, New York 10022

A description of the railroad equipment covered by the enclosed document is:

One (1) locomotive LLX 155

Mr. Vernon A. Williams
January 29, 1999
Page 2

Also enclosed is a check in the amount of \$52.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed documents to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/bg
Enclosures

JAN 29 '99

11-30AM

**MEMORANDUM OF
LOAN AGREEMENT AND SECURITY AGREEMENT**

THIS MEMORANDUM OF LOAN AGREEMENT AND SECURITY AGREEMENT (the "Memorandum") dated as of January 27, 1999 is made by and between Charter Financial, Inc. a New York corporation, with an office at 153 East 53rd Street, New York, New York 10022 ("Charter"), and LLX Rail, Inc. an Illinois corporation, with its chief executive office and principal place of business at 1200 South State Street, Chicago Heights, Illinois 60411 (the "Borrower").

Borrower and Charter hereby state the following:

1. Borrower and Charter are parties to that certain Loan and Security Agreement dated as of January 27, 1999 (the "Loan Agreement") (capitalized terms used herein and not otherwise defined shall have the meaning given in the Loan Agreement), whereby Charter loaned Borrower certain funds to facilitate the purchase or financing of the covered locomotive equipment more specifically identified on Exhibit A attached hereto and made a part hereof (the "Equipment").
2. Borrower's obligations under the Loan Agreement and other loan documents are evidenced by and payable in accordance with the Loan Agreement.
3. Pursuant to the terms of the Loan Agreement and to secure the payment and performance of any and all of Borrower's obligations to Charter, Borrower granted to Charter a continuing, first priority security interest in and to, and chattel mortgage lien on, all of the Borrower's right, title and interest in and to the Equipment, to have and to hold all and every part of the Equipment unto Charter, its successors and assigns, for its and their own use and benefit forever.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

WITNESS:

LLX RAIL, INC.

Cristina H. Hutto

By: BK Forger, Jr.
Name: BK Forger, Jr.
Title: Pres

WITNESS:

CHARTER FINANCIAL, INC.

Brian Twomey

By: Brian Twomey
Name: Brian Twomey
Title: Vice President

SCHEDULE 1
LIST OF RAILROAD EQUIPMENT

One LLX 155, EMD SW-1 Rated at 600HP, 6 Cylinder 567 Diesel Engine Completely Re-Sealed, D15 Main Generator, 10KW Auxiliary Generator, 6 BL Brake Equipment, AAR Switcher Trucks with Friction Bearing Journals, Good 2" Wheels, Complete Low Voltage R-wire and Upgraded electrical System

STATE OF Illinois

COUNTY OF _____

)
)
)
SS:

On this 27 day of January, 1999, before me, a Notary Public of the County and State aforesaid, personally appeared B.H. Lippert to me personally known, who being by me duly sworn, says that he is the President of LLX Rail, Inc., an Illinois corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.



Mercedes Kozla
Notary Public

My commission expires: 2-20-02

STATE OF NEW YORK

COUNTY OF NEW YORK

)
)
)
SS:

On this 28th day of January, 1998⁹ before me, a Notary Public of the County and State aforesaid, personally appeared Brian Twomey, to me personally known, who being by me duly sworn, says that (s)he is the Vice President of Charter Financial, Inc, a New York corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

Louisa L. Baker
Notary Public

LOUISA L. BAKER
Notary Public, State of New York
No. 31-4015650
Qualified in Westchester County
Commission Expires September 5, 1999

My commission expires: